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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

Mary L. Henze
Executive Director
Federal Regulatory Affairs

202 463-4109
202 463-4631 Fax

January 5, 2001

Ms. Magalie Roman Salas
Secretary, Federal Communications Commission
445 12th Street, SW, TW-A325
Washington, DC 20554

Re: CC Dkt. 96-115, Telecommunications Carriers' Use of Customer Proprietary Network and Other Customer Information; CC Dkt. 96-98, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; CC Dkt. 99-273, Provision of Directory Listing Information Under the Telecommunications Act

Dear Ms. Salas:

On January 4, the undersigned and Sid White of BellSouth, Mike Alarcon of SBC, and Marie Breslin of Verizon met, in separate meetings, with Anna Gomez (Office of Chairman Kennard), Jordan Goldstein (Office of Commissioner Ness), and Rebecca Beynon (Office of Commissioner Furtchgtott-Roth). Jan Rogers of SBC participated in the Gomez and Goldstein meetings via conference call.

The purpose of the meetings was to discuss the status of competition in the Directory Listings market and the potential scope of Commission action in this proceeding. All material provided is attached.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,


Mary L. Henze

cc: A. Gomez
J. Goldstein
R. Beynon

Directory Assistance Listings

January 4, 2001

BellSouth, Qwest, SBC and Verizon

DA Listings Competitive Facts

Proof of Competitive DA Listings and DA Services market:

- LEC DA listing revenue losses range from 20%-30% for 2000. (BellSouth, SBC, Qwest)
- LEC DA call volumes have decreased 50%-60% since 1995. (BellSouth, SBC, Qwest, Verizon)

Market-based LEC DA listing prices have not increased since issuance of UNE Remand Order of November, 1999.

LEC provided DA databases are not the only reliable source of DA listing information. See attached Appendix.

InfoNXX and other database and competitive DA providers continue to prosper despite their claims that market-based pricing cannot be sustained. These competitive facts demonstrate that competition is flourishing.

Prescribing Cost-Based Rates for DA Listings Presumes Market Failure

DA Listings market is competitive as facts demonstrated by LECs

DA competitors such as InfoNXX, Metro One and others continue to grow and prosper:

- InfoNXX - 800% revenue growth between 1995-1999
 - Number of employees has more than quadrupled since 1995
 - Inc. magazine named InfoNXX to its list of America's 500 fastest growing private companies in its October, 2000 issue
- Metro One - Revenue growth of 110% for 3Q00 over 3Q99
 - Net Income growth of 280% for 3Q00 over 3Q99

The DA Listings Market is Not a Case of Market Failure, Thus
No Commission Action is Warranted

Alternate Sources of Wholesale DA Information

Per December 2000 “Call Center Magazine”

Searching Farther for Customer Data, pg. 78-88

- **Targus Information** (www.targusinfo.com)
 - “links virtually every US telephone number with name, address and buying profile preferences to create rich customer files” (Targus also provides Caller ID Calling Name information to carriers)
- **HotData** (www.hotdata.com)
 - appends demographic/psychographic information “to customer files, with a close to 100% accuracy rate in real time . . . receives its data from 15 different sources, ranging from the US Postal Service to private companies”
- **CAS** (www.cas-online.com)
 - provides “detailed analysis that shows the quality of every phone number matched;” customers “are receiving the highest quality phone numbers available”

Alternate Sources of Wholesale DA Information

- Acxiom (www.acxiom.com)
- Donnelley Marketing/infoUSA (www.connelleymarketing.com)
- Executive Marketing Services (www.emsphone.com)
- Experian (www.experian.com)
- Equifax Direct Marketing Solutions (www.equifax.com)
- Gryphon Networks (www.gryphonnetworks.com)
- Harte Hanks (www.harte-hanks.com)
- ICOM (www.i-com.com)
- PerformanceData (www.performancedata.com)
- The Polk Company (www.polk.com)
- QAS North America (www.qas.com/us)

“Call Center Magazine,” *Searching Farther for Customer Data*, pg. 78-88

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INC.COM

#334

(2000)
 800%
 (5-year
 growth)

Company: **InfoNXX**

Location: Bethlehem, PA

Description: Provides enhanced directory assistance for wireless phones

Web site URL: <http://infonxx.com>

Industry: -- none listed --

Sector: -- none listed --

Revenue:* 3,924,000 --> 36,015,000

Profit:* loss --> 6% to 10%

Employees:* 250 --> 1150

* Numbers are for 5 years prior to win and 1 year prior to win

Information is current as of the year of the ranking.
 Company location and description may have changed.

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1 of 8 DOCUMENTS

Copyright 2000 The Morning Call, Inc.

The Morning Call (Allentown)

November 4, 2000, Saturday SECOND EDITION

SECTION: BUSINESS, Pg. B26

LENGTH: 562 words

HEADLINE: LEHIGH VALLEY BUSINESS MAKES 'INC. 500' LIST;
INFONXX, A BETHLEHEM- AREA DIRECTORY ASSISTANCE COMPANY, RANKED 334.

BYLINE: CHRISTIAN BERG, The Morning Call

BODY:

Infonxx Corp., a Bethlehem-area company that provides directory assistance and other services to wireless telephone customers, has been named to Inc. magazine's annual list of America's 500 fastest-growing private companies.

Infonxx (pronounced Info-N-X-X) ranked No. 334 on the 2000 Inc. 500 list, published in the magazine's Oct. 15 issue.

"We're pretty excited," said Charlie Anderson, Infonxx's marketing director. "Obviously, it establishes credibility with existing customers and potential customers. You don't grow at those clips unless you have a successful business model."

The company, based in Hanover Township, Northampton County, posted 800 percent revenue growth between 1995 and 1999, growing from \$3.9 million to \$36 million, according to the magazine. Infonxx employment has more than quadrupled during the same period, growing from 250 to 1,150.

Since submitting information to Inc., Infonxx has grown even more quickly, Anderson said. The company will have more than 2,500 employees by the end of this year.

"Not only are we growing markets, employees and revenue size, but we're growing at a faster clip," Anderson said. "We expect to handle more than 15 million calls in the month of December."

Anderson also said the company has earnings between 5 percent and 10 percent of revenues.

"We're profitable, and it hasn't been just a shaky thing," Anderson said. "We're not a dot-com. We have assets and we make money. We're a company that wants to grow revenue at these super fast clips, but we also want to grow earnings."

Infonxx offers its services from six call centers nationwide -- Hanover Township; Oakville, Conn.; Riverside, Calif.; Tucson, Ariz.; San Antonio; and its newest facility in Greensboro, N.C., which opened in September.

The 9-year-old company provides directory assistance service to customers who use wireless phone service provided by companies that include Verizon Wireless, Alltel, AirTouch, Cellular One and Primeco, according to the company's Web site.

Infonxx also provides directory assistance services for brokerage houses, universities and banks.

In addition to directory assistance, Infonxx operators also offer Yellow Page searches, a restaurant guide, movie listings, personal phone books, local

event information, emergency road service, local weather reports and automatic call connection.

The rapid growth of wireless phone use bodes well for Infonxx's future Anderson said.

"We've got a strategy that works, and we see ourselves in a high-growth area with wireless carriers," he said.

The company was founded in Manhattan in 1991 by Robert A. Pines and Evan Marwell, former Harvard University roommates who got the idea for the company when they noticed that their monthly cell phone directory assistance bill was higher than the cost of their basic cellular phone service.

Infonxx moved to the Lehigh Valley in 1993, thanks in part to efforts of the Northampton County Development Corp. and the Governor's Response Team, which helps businesses relocate to Pennsylvania.

Infonxx was one of 21 Pennsylvania companies to make the Inc. 500 list but the only Lehigh Valley firm among them. The state's highest-rated company was Omicron Systems of Philadelphia, a computer company that ranked No. 38.

Reporter Christian Berg

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Monday October 30, 4:07 pm Eastern Time

Press Release

Related Quotes**MTON** 13 15/16 -5/16
delayed 20 mins - [disclaimer](#)**Metro One Telecommunications Reports
Record Third Quarter Revenue of \$42.9 Million****Record EPS of \$0.23**

PORTLAND, Ore.-(BUSINESS WIRE)--Oct. 30, 2000--Metro One Telecommunications, Inc. (Nasdaq:[MTON](#) - [news](#)), a leading provider of enhanced telecom services, including its Enhanced Directory Assistance® (EDA), today reported financial results for the third quarter ended September 30, 2000. These results were consistent with preliminary results announced on October 17, 2000.

Revenue for the third quarter of 2000 increased to a record \$42,953,000, up 110% from 1999 third quarter revenue of \$20,469,000, and up 17% from 2000 second quarter revenue of \$36,589,000. Net income for the third quarter was \$2,764,000, or \$0.23 per diluted share, compared with net income of \$677,000, or \$0.06 per diluted share, in the prior year's third quarter.

Revenue for the nine months ended September 30, 2000 reached \$109,253,000, more than double revenue of \$52,113,000 recorded for the first nine months of 1999. Net income for the first nine months of 2000 was \$5,041,000, or \$0.42 per diluted share, compared with net income of \$1,464,000, or \$0.12 per diluted share, for the same period in 1999.

"Our record results demonstrate the continued strength of our business, as well as our ability to increase our efficiencies through effective operations management," said Tim Timmins, president and chief executive officer of Metro One Telecommunications. "We achieved these results in spite of surprises such as the Verizon strike; even so, this one-time event resulted in a positive earnings contribution of approximately \$0.02 per share as East Coast Verizon customers chose to call us for directory assistance and information services during August."

Metro One Telecommunications, Inc. is a leading developer and provider of enhanced telecom services, including its EDA®. The Company operates a network of strategically-located call centers throughout the U.S. Metro One handled approximately 210 million requests for directory assistance during the first three quarters of 2000 and approximately 142 million requests in fiscal year 1999, on behalf of its carrier customers. Metro One has recently been included in Fortune's comprehensive annual list of America's 100 Fastest-Growing Companies and Forbes annual list of the 200 Best Small Companies in America. For more information about Metro One Telecommunications, visit the company's website at <http://www.metro1.com>.

Metro One will host a conference call webcast on Monday, October 30th at 2:00 p.m. Pacific

Standard Time to review third quarter results and future operating trends, including guidance on the outlook for the future. To access the webcast, go to Metro One's website at www.metro1.com. An archived webcast replay of the call will also be available at that website.

This press release contains forward-looking statements regarding the Company's beliefs about its business prospects and disclosures about what management believes is currently effecting its revenues and earnings for the third quarter and full year ending December 31, 2000. These statements involve risks and uncertainties. Important additional factors that could cause actual results to differ materially from those forward-looking statements include, but are not limited to, those that are detailed in the Company's filings with the Securities and Exchange Commission including recent filings of Forms 10-K and 10-Q. These can be accessed through Metro One's website at <http://www.metro1.com> or Nasdaq's website at www.nasdaq.com. The forward-looking statements should be considered in light of those risks and uncertainties.

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METRO ONE TELECOMMUNICATIONS, INC.
Statements of Income
(Dollars in thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	9/30/2000	9/30/1999	9/30/2000	9/30/1999
Revenues	\$ 42,953	\$ 20,469	\$ 109,253	\$ 52,113
Costs and expenses:				
Direct operating	26,879	12,136	69,439	30,481
General and administrative	12,219	7,374	32,205	19,795
	39,098	19,510	101,644	50,276
Income from operations	3,855	959	7,609	1,837
Other income	50	(3)	(8)	112
Interest and loan fees	(931)	(253)	(2,267)	(425)
	(881)	(256)	(2,275)	(313)
Income before income taxes	2,974	703	5,334	1,524
Income tax expense	210	26	293	60
Net income	\$ 2,764	\$ 677	\$ 5,041	\$ 1,464
Income per common share				
Basic	\$ 0.24	\$ 0.06	\$ 0.44	\$ 0.13
Diluted	\$ 0.23	\$ 0.06	\$ 0.42	\$ 0.12
Shares used in per share calculation				
Basic	11,648	11,405	11,581	11,383
Diluted	11,984	12,016	11,952	12,012

METRO ONE TELECOMMUNICATIONS, INC.
Balance Sheets
(Dollars in thousands)

	9/30/2000 ----- (unaudited)	12/31/1999 -----
Cash and cash equivalents	\$ 6,277	\$ 9,564
Short-term investments	--	400
Accounts receivable	39,323	15,357
Prepaid costs and other current assets	1,493	985
	-----	-----
Total current assets	47,093	26,306
Furniture, fixtures and equipment, net	50,952	38,225
Other assets	2,223	944
	-----	-----
Total assets	\$ 100,268 -----	\$ 65,475 -----
Accounts payable	\$ 6,224	\$ 2,909
Accrued liabilities	5,110	2,390
Accrued payroll and related costs	4,791	3,839
Operating line of credit	11,500	--
Current portion of capital lease obligations	49	159
Current portion of long-term debt	8,647	5,259
	-----	-----
Total current liabilities	36,321	14,556
Capital lease obligations	--	17
Long-term debt, less current portion	24,616	18,923
	-----	-----
Total liabilities	60,937	33,496
Common Stock	42,619	40,308
Accumulated deficit	(3,288)	(8,329)
	-----	-----
Shareholders' equity	39,331	31,979
	-----	-----
Total liabilities and shareholders' equity	\$ 100,268 -----	\$ 65,475 -----

Contact:

Metro One Telecommunications, Inc.
Timothy A. Timmins, 503/643-9500
President and Chief Executive Officer
Duane Fromhart, 503/643-9500
Vice President, Finance
or
Morgen-Walke Associates, Inc.
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Executive Director
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November 9, 2000

Ms. Magalie Roman Salas
Secretary, Federal Communications Commission
445 12th Street, SW, TW-A325
Washington, DC 20554



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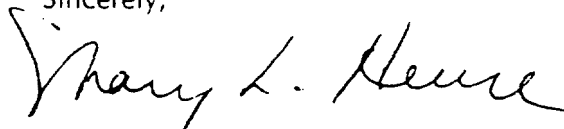
Re: CC Dkt. 96-115, *Telecommunications Carriers' Use of Customer Proprietary Network and Other Customer Information*; CC Dkt. 96-98, *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*; CC Dkt. 99-273, *Provision of Directory Listing Information Under the Telecommunications Act*

Dear Ms. Salas:

On November 9, the attached letter and material was sent to Yog Varma, Deputy Chief of the Common Carrier Bureau on behalf of BellSouth, Verizon, Qwest, and SBC.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,


Mary L. Henze

cc: A. Gomez
J. Goldstein
R. Benyon
K. Dixon
D. Shetler
Y. Varma

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Mary L. Henze
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November 9, 2000

Mr. Yog Varma
Deputy Bureau Chief
Common Carrier Bureau
Federal Communications Commission
445 12th Street, NW
Washington, DC 20554

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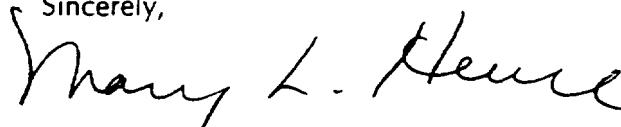
Re: CC Dkt. 96-115, Telecommunications Carriers' Use of Customer Proprietary Network and Other Customer Information; CC Dkt. 96-98, Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; CC Dkt. 99-273, Provision of Directory Listing Information Under the Telecommunications Act

Dear Mr. Varma,

On Wednesday, November 1, 2000 representatives from BellSouth, Verizon, SBC, and Qwest met with you and your staff to discuss issues concerning DA Services and the pricing of Directory Listing Services. During that discussion you asked the companies for additional information on the state of competition in the DA listings market. In response to your request, the companies have prepared the attached paper with supporting documentation which clearly illustrates that directory assistance listings are a competitive wholesale service and should have market based pricing.

Please do not hesitate to contact me at (202) 463-4109 if you have questions regarding this submission.

Sincerely,


Mary L. Henze

cc: A. Gomez
J. Goldstein
R. Benyon
K. Dixon
D. Shetler

THE COMPETITIVE MARKET FOR DIRECTORY ASSISTANCE LISTINGS

INTRODUCTION

In this paper, the Incumbent Local Exchange Carriers (ILECs)¹ will show that the marketplace for DA and DA listing services is highly competitive, with numerous successful third party providers of these services. The ILECs will also show that these providers often have competitive advantages over the ILECs. They differentiate themselves from the ILECs by offering services that are broader in scope and have more enhancements than the services provided by the ILECs. Furthermore, the ILECs will show that they have suffered substantial competitive losses to these third party DA and DA listing providers, thus validating the fact that competition is robust in these markets.

InfoNXX has shown nothing to challenge these basic competitive facts. The FCC should reaffirm its prior conclusions made in the UNE Remand Order that the market for DA and DA listing services continues to be competitive. No price regulation of ILEC DA listing inputs is necessary or advisable.

THE COMPETITIVE ADVANTAGES OF NON-REGULATED DA LISTING PROVIDERS

Services offered by listing providers that obtain some of their data from ILECs and from other sources are viable competitive alternatives to the wholesale DA listing services provided by the ILECs.

The services offered by independent, non-regulated DA listing providers can be more attractive than the services provided by the ILECs because ILEC DA listing services are usually limited in scope to company-specific and limited regional subscriber listing information while competing providers can offer comprehensive nationwide, or even worldwide, DA listing information. These competing providers are able to offer “one stop shopping” as a viable alternative, since many can and do offer a single national listing database which relieves the user’s burden of obtaining listings from a multitude of ILECs.

¹ BellSouth, SBC, Verizon, Qwest each provided input to this document

The national listing databases marketed by competing providers offers comparable, if not the same, accuracy and reliability as that marketed by the ILECs, since the listing information and the associated updates can be obtained directly from the incumbent. In fact, competing providers such as MasterFiles and LSSi often use the comparable accuracy and reliability of their listings to promote their national databases against those of the ILECs. As an example, MasterFiles' website promotes their Reach411 National DA as "accurate data at affordable prices".² InfoNXX's website says they "offer a true alternative to telephone company DA" and that their national offering "provides superior service and 100% data accuracy".³ It could even be said that having a broad national scope with comparable listing information quality offers these competing providers a competitive edge over the ILECs.

The competitive edge these independent DA and DA listing providers enjoy because of their national footprint is further broadened by the enhanced service offerings that they are permitted to market. For example, traditional DA and DA listing service offerings have been supplemented with features such as concierge services, driving directions from a live operator, and even access to voice portals. Because these competing providers are not limited by the same regulatory constraints as the ILECs, they have aggressively marketed these enhancements to prospective customers as differentiators. This has resulted in companies such as Metro One, InfoNXX and Volt Delta significantly eroding the ILECs' customer base. In fact, Metro One promotes itself as serving one-half of the US population on a local basis.⁴ InfoNXX claims that it "provides tremendous value". Volt Delta, in a November 1996 press release spoke to their "selection of Acxiom® Corporation as Prime Listing Source for National Directory Assistance Service". In this press release, "VoltDelta and Acxiom® Corporation announced an agreement wherein Acxiom would be the provider of listing data for use on VoltDelta's DirectoryExpress, a transaction-based national directory assistance solution".⁵ Companies such as these are driving

² See Attachment 2 – www.masterfiles.com/reach411.asp

³ See Attachment 2 – www.infonxx.com/national.html

⁴ Reference - Metro One marketing brochure

⁵ Reference - www.voltdelta.com/news.html

competitive intensity and taking a leadership position in an already robust market situation for DA and DA listing services.

SUCCESS DRIVERS IN THE DIRECTORY ASSISTANCE MARKET

In the directory assistance market, how competing providers develop a quality service and price it to their customers is driven by more than just one service component. The importance of a national listing database to a competitive service offering was addressed above. Competing, independent providers have been successful in developing such database capabilities. However, as important as national listing information is to the DA service offering, it is not the only driver impacting how DA providers differentiate themselves from the ILECs. Pricing structures and service quality are also driven by operating systems and employees. Systems are integral to the service offering because the features, functions and level of automation may vary to differing degrees between providers. The technology infrastructure utilized by a DA provider will impact their ability to succeed. Specifically, leading edge technology enables companies to differentiate their service offerings and price competitively. Moreover, employees are also an integral component because individual providers serve user needs with workers of various employment lengths and levels of experience. For example, operators serve as the primary customer interface and have a direct impact on how customer's perceive a provider's service quality.

In any listing database, these three service elements each add value to the others and function jointly as DA "success drivers". Indeed, as outlined, national listings, operating systems and skilled employees all contribute to service quality and competitive pricing structures. It is the combination of these success drivers that justifies differences in price among the multiple alternatives/substitutes for DA listing information, although market-based pricing is not appreciably different for comparable service offerings. Ultimately, these service components all affect the ability of third party DA providers to secure marketshare.

THE SUCCESS OF COMPETING NON-REGULATED DA PROVIDERS

Within the last decade many new providers of DA services have entered the market. These companies have proven to be viable suppliers to customers, and they have experienced

significant growth in their businesses. They have proven that they know how to manage call centers, source listings, price their services, make money and deliver service to their customers.

Attachment 1 outlines briefly a number of these competing providers, describing the service offering(s), the listing source (if known), and a sampling of their customer bases. It is clear that the companies listed herein are succeeding in the competitive DA market.

Four of these competing providers - **MetroOne**, **Excell**, **Teltrust**, and **InfoNXX** have been especially successful at creating viable marketing plans, and they are each seeing success in the marketplace. The aforementioned companies are growing not only in call volumes but also in the number of major customers they serve. Each company is handling millions of calls and is thriving in the Directory Assistance market. Following is a brief overview of each company⁶:

- **MetroOne** is a prominent supplier of Directory Assistance that has seen impressive growth in recent years. MetroOne posted record revenues in 1998 of \$45.1 million, 73% above 1997 revenues. "Revenues for the first six months of 2000 were \$66,300,000 double the revenue from the same period the prior year. The company handled 126 million requests for DA/EDA during the first months of 2000 and 142 million requests in 1999"⁷. Major customers include AT&T, Sprint PCS, US Unwired and Nextel.
- **Excell** has experienced double-digit growth in the 1990's. In fact, they enjoyed annual sales in excess of \$200 million in 1998. In 1997, Excell was handling more than 40 million DA calls per month and managing major call centers in Arizona and Florida. Major customers include AT&T, Frontier and Bell Canada.
- **TelTrust** has been a major player in the Directory Assistance business for a number of years. By 1999, Teltrust was serving several DA markets, including the wireless market where volumes exceeded two million calls per month. They have several large call centers located throughout the country, and they list US Cellular, Muchas Voces, Total Tel and G-5 as major customers.

⁶ Independent market research

⁷ *The Operator Daily* - August 1, 2000

- **InfoNXX** has seen significant growth in their business. They have opened several new, large call centers in the last couple years to help keep up with their rapid growth. Much of their market focuses on cellular and wireless providers, and they have won contracts in recent years with companies like Cellular One, Verizon and AIRTOUCH.

PRIOR FCC DECISIONS SUPPORT A CONCLUSION THAT THE DA MARKET IS COMPETITIVE

In fact, the Commission correctly concluded in the UNE Remand Order that the provisioning of DA service and the provision of DA listings is competitive, and that other providers are flourishing in the marketplace (see Attachment 1 – Competing Providers). The fact that ILECs themselves subscribe to the services of competitors like LSSi and Volt Delta provides additional support for this conclusion that the market for DA listings is competitive and robust.

It is clear that demand for DA is growing and that the market is competitive and robust, and ILECs are losing market share to competing providers. ILECs are experiencing the effects of competitive erosion in both DA and DA listing services. Losses in DA call volumes have occurred over the last several years and range from 50-60%⁸. Recent losses in DA listings revenue range from 20-30%⁹.

CONCLUSION

In summary, the information provided clearly shows that there is a robust competitive marketplace for DA listing services. Many of these third party DA listing providers have competitive advantages over the ILECs in terms of the national scope of their available listings, and “one-stop-shopping”. These providers solicit customers by offering accurate data at affordable prices. They also have been very successful in taking business away from the ILECs. Many third party DA providers now obtain their DA listing information from third party non-ILEC providers. This healthy competition in the DA listings market has led to a proliferation of new and successful DA service providers. Consequently, ILECs have suffered market share erosion which validates the existence of true competition.

⁸ BellSouth, SBC, Qwest, and Verizon

⁹ BellSouth, SBC, and Qwest

Finally, the FCC has already correctly concluded in the UNE Remand Order, that DA and DA listings services are competitive and that alternative providers are flourishing in the marketplace. Thus, the FCC found no need to regulate prices in these areas. InfoNXX has provided absolutely no basis for the FCC to disturb its well reasoned decision set forth in the UNE Remand proceeding. InfoNXX wrongly asserts that access to and pricing of ILEC DA listings is the only driver impeding their ability to compete. Nothing presented by InfoNXX proves otherwise. There is no reason to believe that InfoNXX would either subscribe or continue to subscribe to individual ILEC listing services even if the Commission took action leading to price standardization. Simply stated, if InfoNXX gets its intended result from this proceeding, it is not likely that the purchasing behavior either of itself or other competing providers will be altered. The FCC should either close this phase of the proceeding or should issue an order that reaffirms their conclusion that the marketplace is indeed competitive.

Attachment 1

Non-regulated DA and DA Listing Providers	Listing Source	Customers
Volt Delta NDA Directory Express (NDA) Info Express (EDA)	Acxiom/Go2TM (for wireless listings)	(DA Vendor for Cincinnati Bell)
LSSi	Known source: Carriers -- self-maintained database	Sprint Local, Verizon, McLeodUSA, Consolidated Comms, Telegate, British Telecom, France Telecom Resells access into their database to others --
Master Files Reach Dir. Asst. (Nat'l EDA) Reach411.com (NDA)	Known source: Carriers	Resells access into the databases of carriers Also resells listings in a batch process mode
Teltrust	Dips LSSi database	Cox Comm's, Verizon, Salient, RCN, U S Cellular, CellularOne, Centennial Cellular, Omnipoint Comm's, Ameritech (CC only), Bell So. (CC only), Kansas Cellular/ Alltel, Little Three Comm's, Nevada Bell, NextLink, Total Tel, Vartech Comm's, Telefonos Publicos, The Travelers group, J. C. Penney, Time, Inc., The San Antonio Spurs, Bally's Hotel, Nordstrom, Flying J, Four Seasons, USAA, Las Vegas Hilton (started in payphone market)
MetroOne	Known source: Carriers and list compilers -- self-maintained database	AT&T wireless, Airgate PCS, Alamosa PCS, Alltel Ent , GST, Georgia PCS, Horizon PC, Illinois PCS, Integra, Iowa Wireless, Louisiana Unwired, Merotel Comms, Midwest Wireless, Nevada Bell Wireless, Nextel, Northern PCS, Pac Bell Wireless, Poka Lambo PCS, Roberts Wireless, Rural Cellular, Southwest PCS, Sprint PCS, SwiftTel Comms, Telecorp Comms, Triton PCS, US Unwired, Ubiqui Tel, Vangaurd, Verizon Wireless, Via (Central) Wireless, Washington/Oregon Wireless, AirTouch, Indus, Inc.
InfoNXX	Unknown -- only obtain minimal data from some carriers	Verizon, Alltel, AirTouch, CellularOne, PrimeCo , Mobile Comm's, Mobile Commerce Partner, Quixi

Non-regulated DA and DA Listing Providers	Listing Source	Customers
<i>Excell Agent Services</i> DirectoryNet.com	Experian-based/multiple sources including some carrier data	AT&T(?), Frontier LD Bell Canada, Telstra (Stellar)
		Reuses information in Web-based services such as DirectoryNet.
MCI	Known source: Carriers -- self-maintained database	MCI local, PIC'd and dial-around toll, Web-based services.
AT&T -- Local & National DA	Unknown -- formerly purchased from list compilers and carriers -- current source is unknown	AT&T local, PIC'd and dial-around toll users, and web-based services.
555-1212.com and AnyWho.com		Web-based services
InfoUSA	InfoUSA -- compiles information from a variety of sources	Web-based service -- Resells directory lists (msn.com, Switchboard.com, Zip2.com, 411Locate.com, Boston Medical Center)
411Locate.com	InfoUSA -- users can update on-line	Web-based service
msn.com	InfoUSA -- users can update on-line	Web-based service
Zip2.com	InfoUSA -- users can update on-line	Web-based service
Boston Medical Center	InfoUSA -- users can update on-line	Accesses web-based service
Switchboard.com	InfoUSA -- users can update on-line	Web-based service
	Other Known Listing Sources	
	Experian (Metromail)/LSSi	
	FDR	
	Qwest Dex - Data Products Group	

Teri Janine Quinn
Associate Director
Federal Regulatory

SBC Telecommunications, Inc.
1401 I Street, N.W., Suite 1100
Washington, D.C. 20005
Phone 202 326-8818
Fax 202 406-4807



March 13, 2001

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MAR 13 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

34A

Ex Parte

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TW-A325
Washington, DC 20554

Re: Provision of Directory Listing Information; CC Dkt. No. 99-273

Dear Ms. Salas,

On March 12, 2001, the undersigned, Michael Alarcon, and Jan Rogers of SBC, Mary Henze and Sid White of BellSouth, Clark Conniff and Drew Fields of Qwest, and Marie Breslin and Bob Lyons of Verizon, met with Greg Cooke, Dennis Johnson, Pam Slipakoff, Rodney McDonald, John Vu, and Cheryl Callahan of the Common Carrier Bureau to discuss the above-referenced proceeding.

During the meeting the companies discussed their opposition to Telgeate's dialing parity proposal and presented data to support their position. A copy of the presentation used during the meeting is included with this submission.

This presentation is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,

Teri Janine Quinn

Attachment

Cc: G. Cooke
D. Johnson
P. Slipakoff
R. McDonald
J. Vu
C. Callahan

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411 Facts and Issues Opposing Telegate's Dialing Parity Proposal

March 12, 2001
BellSouth, SBC, Verizon,
and Qwest

Issues with Telegate's Dialing Parity Proposal

- Consumer Impact
- Policy Issues
- Technical Challenges
- Cost Issues
- No need for change
- DA market is already competitive

Consumer Impact

- The removal of 411 and introduction of a new dialing format would cause consumer confusion, especially for 80% of consumers who use DA infrequently or not at all. Oftel agrees:
 - *“Oftel considers that the removal of 192* and the introduction of a new number range may cause user confusion, especially for infrequent users.”* [Access Codes for Directory Inquiry Services](#) - Oftel Office of Telecommunications, November 2000 (Telegate Ex Parte, January 22, 2001). *192 is the United Kingdom version of 411
- Would dialing codes be national? If not, Oftel warns of further consumer confusion:
 - *“A consumer may be use[d] to dial[l]ing a particular number at home, for example, only to find that calls to the same number from a different PTO network (at work, for example) did not connect...they (consumers) may be confused about which number to dial.”* [Access Codes for Directory Inquiry Services](#) - Oftel Office of Telecommunications, November 2000 (Telegate Ex Parte, January 22, 2001)
- Implementation costs passed on to consumers.

Consumer Impact

- Consumers would be inconvenienced by having to wait through a lengthy announcement before reaching an operator.
- Consumers would have to hang up and redial during transition period.
- Under a 1111XXX dialing format, consumers using rotary telephones may be forced to purchase new telephones and touch tone service or risk losing either their ability to dial “*” or their ability to access directory assistance.
- No customer benefit - increased customer inconvenience.

Policy issues

- Lengthy recorded messages during a 'transition' period could cause call answer time violations of state requirements.
- All DA providers should be required to meet state requirements (e.g., call answer time, free call allowances).
 - Who would insure free call allowances when different providers could be used for each DA request?
- Dialing code listings would have to be rotated on announcements.

Technical challenges

- Any new dialing format would likely conflict with the North American Numbering Plan.
 - If a new code does not match an established digit string length, there will be problems establishing inter-digit timing.
- 11 is used as a substitute for the * key on rotary telephones; 1111XXX would result in a timing problem for custom calling.

Technical challenges

- A seven digit dialing code beginning with 1 or 0 would trigger D digit release; The FCC recently declined to require D digit expansion at this time.

Second Report and Order, Order on Reconsideration in CC Docket No. 96-98 and CC Docket No. 99-200 and Second Further Notice of Proposed Rulemaking in CC Docket No. 99-200 (Released 12-29-00)

- Contrary to Telegate's assertion, lengthy announcements may require the installation of new hardware and software.
- Various switch translation tables would need to be developed for a new dialing scheme.

Technical challenges

- How would these calls be routed? Would each DA 411 provider have a trunk group on a tandem?
- Telegate proposes a 3 digit directory assistance provider code. This proposal would provide only 999 dialing codes. Would that be enough?
- PBXs, coin phones, and other private systems would need to be upgraded/revised to handle the new dialing sequences. The sequence would not be transparent to private systems.

Cost Issues

- The longer the announcement, the more expensive it gets. Even if there were only 100 providers using the scheme initially, the announcement listing all the new providers and their numbers could go on for minutes.
- Who pays for announcements, customer education, trunk holding, drams, rotation of codes, etc.?

No need for change

- “...Ofstel believes there should be a broad consensus for change from both industry and consumer groups before any regulatory action is taken.” Access Codes for Direction Inquiry Services - Ofstel Office of Telecommunications, November 2000 (Telegate Ex Parte, January 22, 2001)
- Telegate, a foreign company interested in competing in the U.S. market, at the expense of consumers and the industry, is the only DA provider to bring this issue before the FCC; even InfoNXX opposes 411 presubscription.
- No demonstrated need for change; U.S. customers are not demanding change .

DA market is already competitive

- *"It is clear that the demand for DA is growing and that the market is competitive and robust, and ILECs are losing market share to competing providers. ILECs are experiencing the effects of competitive erosion in both DA and DA listing services. Losses in DA call volumes have occurred over the last several years and range from 50-60%."* (BellSouth, Verizon, Qwest, and SBC Ex Parte, November 9, 2000)

U S Directory Assistance Market Transaction Volume (millions)*

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Estimated Growth Rate</u>
Wireline Wholesale				
Local DA	931	954	977	2.4%
National DA	274	289	304	5.3%
Wireline Retail				
Local DA	4,300	4,090	3,900	-4.8%
National DA	1,250	1,320	1,380	5.1%
Wireline Retail Total	5,540	5,410	5,280	-2.4%
Wireless	853	971	1,096	13.3%
Internet	1,015	1,326	1,793	32.9%
TOTAL	8,613	8,950	9,450	9.7%**

* Source: Frost & Sullivan 2000 Study

** Compounded Annual Growth Rate is 4.7%

DA market is already competitive

- UNE Remand Order
 - *“Competition in the provision of operator services and directory assistance has existed since divestiture.”*
- Directory Listing Information First Report and Order
 - *“Section 251(b)(3) plainly requires that incumbent LECs provide competing LECs with access to DA databases. Any entity that is certified as a competing LEC by the appropriate state commission is presumptively a competing provider of telephone exchange service.”*

Conclusion

Adopting Telegate's proposal is not in the public interest for the following reasons:

- 1) Not in consumer's best interest
- 2) Presents several policy issues
- 3) Presents significant technical challenges
- 4) Telegate is the only one demanding change
- 5) DA market is competitive
- 6) Would be too expensive for both the industry and consumers

STAMP and RETURN

BELLSOUTH

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Washington, D.C. 20036-3351

mary.henze@bellsouth.com

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JUN 6 2001

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

Mary L. Henze
Executive Director
Federal Regulatory Affairs

202 463-4109
202 463-4631 Fax

June 6, 2001

Ex Parte

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TW-A325
Washington, DC 20554

Re: Provision of Directory Listing Information; CC Dkt. No. 99-273

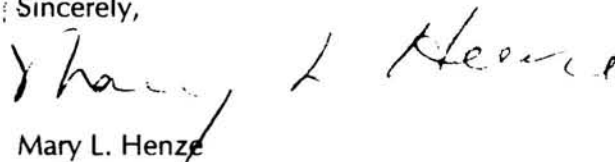
Dear Ms. Salas,

On June 5, the undersigned and Sid White of BellSouth, Jan Rogers and Janine Quinn of SBC, Vinny Woodbury and Marie Breslin of Verizon, and Clark Conniff of Qwest, met with Dorothy Attwood, Diane Griffin Harmon, and Greg Cooke of the Common Carrier Bureau to discuss the above-referenced proceeding.

During the meeting the companies discussed the status of competition in the directory assistance information market and the potential impact of changing 411. A copy of the presentation used during the meeting is attached.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,


Mary L. Henze

Attachment

cc: D. Attwood
D. Harmon
G. Cooke

Competition in the Retail Directory Assistance Market: Facts and Issues

June 5, 2001
BellSouth, SBC, Verizon, and Qwest

1. Status of Competition in Directory Assistance Market

- Directory assistance information market is competitive today
- Consumers have numerous choices for accessing DA information
 - Local exchange carrier (ILEC or CLEC)
 - Alternative dialing providers
 - Wireless DA
 - Internet-based, searchable directories
- Market data shows consumers are taking advantage of competition
 - Since 1996, LECs have experienced over 50% reduction in 411 call volume
 - Recent Frost & Sullivan survey estimates that
 - Wireless DA market growth rate is 13.3%
 - Internet DA market growth rate is 32.9%
 - While overall wireline DA market is declining by -2.4%
- Current DA information offerings are high quality
 - Independent audits of LECs show **over 90%** accuracy rate

2. Telegate Has Asked FCC to Change 411 to Promote DA Competition

- Telegate argues that LEC control of 411 equates to control of DA info market

However:

- Market trends show LECs do not control market, in fact are losing share
- Success of alternative DA providers proves 411 is not barrier to entry

- Telegate argues that consumers would benefit from change in 411

However:

- Most customers call 411 infrequently
 - Approx. 80% of customers make three or fewer DA calls/month
 - Approx. 5% of customers account for 80% of DA usage

- Telegate argues that changing 411 would be easy and inexpensive; offers two proposals: 411 presubscription & vacate 411/adopt uniform codes

However:

- Both proposals would be confusing for consumers
- Both proposals would be costly to implement
- Both proposals ignore current state regulatory requirements

3. Concerns About Telegate's Proposals

- Telegate offers two proposals
 - 411 Presubscription (Customer would be required to presubscribe to 411 DA provider)
 - Uniform Codes (Vacate 411 and assign every DA provider unique dialing code)
- Both proposals raise significant concerns about customer confusion and costs
 - Since 80% of customers rarely use 411, how many will want to presubscribe?
 - Vacating 411 would require long transition process; confusing, complicated, and expensive
 - Customers who use 411 infrequently likely to be most confused
 - Enabling 411 presubscription would require significant network changes; technically difficult and expensive
 - Who would pay? All consumers even though many don't use?
 - Any uniform code system raises numbering resource issues
- Proposals ignore state regulatory requirements
 - Almost every state has free 411 call allowances (avg. of 2.4 calls) for all consumers and unlimited free calls for special communities
 - Who would provide allowances?
 - How would they be enforced?
 - States impose 411 call answer time and service quality requirements
 - Lengthy transition messages would violate answer time rules
 - Under proposals, all DA providers should have same regulatory requirements
 - But many not subject to state jurisdiction

4. There is No Need to Change 411

- Changing 411 would be disruptive to consumers
- Consumers are not demanding change
- DA information market is competitive, robust and innovative
- Telegate's claims about US market and quality of DA service are unsubstantiated
- Presubscription and Uniform Codes would be costly to implement
- Potential costs of changing 411 far outweigh presumed benefits
- Market dynamics should be allowed to prevail

Michael D. Alarcon
Executive Director
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OCT 31 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 31, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, D.C. 20554

RE: Provision of Directory Listing Information; CC Dkt. No. 99-273/

Dear Ms. Salas,

On October 30, 2001, the undersigned and Shauna Spratt (via conference call) of SBC, Mary Henze of BellSouth, Marie Breslin and Bob Lyons (via conference call) of Verizon, and Clark Conniff (via conference call) of Qwest met individually with Matthew Brill, Legal Advisor to Commissioner Abernathy and Jordan Goldstein, Legal Advisor to Commissioner Copps. On October 31, 2001, the undersigned and Shauna Spratt (via conference call) of SBC, Marie Breslin of Verizon and Clark Conniff (via conference call) of Qwest met with Sam Feder, Legal Advisor to Commissioner Martin.

During the meeting, the companies discussed the status of competition in the directory assistance market and the potential impact of changing 411. A copy of the presentation used during these meetings is included with this submission.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Michael Alarcon".

Attachment

CC: M. Brill
S. Feder
J. Goldstein

No. of Copies rec'd 0
List A B C D E

Competition in the Directory Assistance Market

October 30, 2001
BellSouth, SBC, Verizon, and Qwest

1. Directory assistance market is competitive today

- Consumers have numerous choices for accessing DA information
 - Wireline Carriers (ILEC, IXC or CLEC)
 - Alternative dialing providers
 - Wireless DA
 - Internet-based, searchable directories (too numerous to count)
- Consumers are taking advantage of current competition
 - Since 1996, ILECs have experienced over 50% reduction in 411 call volume
 - Recent Frost & Sullivan survey estimates that
 - Internet DA market growth rate is **32.9%**
 - Wireless DA market growth rate is **13.3%**
 - Overall wireline DA market growth rate is **-2.4%**
- DA competitors continue to thrive
 - Metro One, in May, 2001, quarterly report states “Call volume and revenues increased 76% and 69%, respectively, in the first quarter of 2001 from the first quarter of 2000, and profits grew to \$5,003,000 from \$1,121,000”
 - InfoNXX was recently recognized by Inc. Magazine, making the *Inc. 500 List of America's Fastest-Growing Private Companies*.

2. Telegate has asked FCC to change 411 to Promote DA Competition

- **Telegate argues that ILEC control of 411 equates to control of DA info market**

However:

- Market trends show ILECs do not control market, in fact, are losing market share
- Success of competitive DA providers proves 411 is not barrier to entry

- **Telegate argues that changing 411 would be easy and inexpensive; offers two proposals: 411 presubscription & vacate 411/adopt uniform codes**

However:

- Both proposals would be confusing to consumers
- Both proposals would be costly to implement
- Both proposals ignore current state regulatory requirements

- **Telegate argues that consumers would benefit from change from 411**

However:

- Most customers call 411 infrequently

Approximately 80% of customers make three or fewer DA call per month
Approximately 5% of customers account for 80% of DA usage

- ILEC providers already provide innovative and accurate services

3. Recent Actions in European Market were Meant to Introduce DA Competition

- UNE Remand Order “Competition in the provision of operator services and directory assistance has existed since divestiture.”
 - While regulatory bodies in Europe, to our knowledge, have made no such finding
- European DA market is striving to provide what already exists in the U.S. DA market
- Each European country had its own access code, limited competition and limited service offerings
- ILEC 411 market has continued to provide innovative services to consumers, including, but not limited to:
 - Call completion, as early as the mid-1980s
 - Language (Spanish, Polish, among others) specific DA, as early as mid-1980s
 - National DA, as early as the mid-1990s

4. Potential Costs of Changing 411 Outweigh Presumed Benefits

- Changing 411 would be disruptive to consumers
- Consumers are not demanding change
- Telegate's claims about U.S. market and quality of DA service are unsubstantiated
- DA information market is competitive, robust and innovative
- Market dynamics should be allowed to continue, no regulatory intervention needed